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9 UNITED STATES BANKRUPTCY COURT  
10 FOR THE EASTERN DISTRICT OF WASHINGTON

11 In re  
12 EASTERDAY RANCHES, INC., et  
13 al,  
14 Debtors.

Lead Case No. 21-00141-WLH11  
(Jointly Administered)

**DECLARATION OF DOUG  
FUQUA IN SUPPORT OF DLL  
FINANCE LLC'S MOTION  
FOR RELIEF FROM STAY**

15  
16 I, DOUG FUQUA, declare as follows:

17 1. I am over the age of 18 and am competent to testify. I have personal  
18 knowledge of the facts contained in this declaration and submit this declaration in  
19 support of this Motion for Relief from Stay (the "Motion"). I am a Financial  
20 Restructuring & Recovery Officer for the Creditor DLL Finance LLC ("DLL"). I  
21 am familiar with the Loan Contract and Security Agreements between DLL and the  
22 Debtors and the associated UCC Financing Statements that are kept in the regular  
23 course of DLL's business practices.

24 2. Debtor, Easterday Farms ("Farms") and DLL entered into sixteen (16)  
25 Loan Contract and Security Agreements over a time period from February of 2018  
26 to July of 2020 for the purchase by Farms of various farm equipment, such as

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tractors, rippers, packers, hoppers, harvesters, wheel loaders, cutters, sprayers, spreads and drill, mowers, disks, backhoes, etc. (the "Farms Equipment").<sup>1</sup>

3. Ranches and DLL entered into one (1) Loan Contract and Security Agreement on or about June 15, 2020 for the purchase of a Feed Mix Trailer and Manure Spreader (the "Ranches Equipment").

4. Ranches guaranteed the 16 Loan Contract and Security Agreements for the Farm between Farms and DLL. The partners of Farms personally guaranteed the Loan Contract and Security Agreement between Ranches and DLL. Both Debtors guaranteed a Loan Contract and Security Agreement between non-debtor, Easterday Produce Co., and DLL dated May 1, 2016 for the purchase of packing equipment/elevator that has an estimated balance owing of \$648,459.42 as of February 1, 2021.

5. DLL filed UCC-1 financing statements with the Washington Department of Licensing.

6. DLL was able to coordinate an inspection of the Farms Equipment and the Ranches Equipment (collectively, the "Equipment") but was unable to inspect all of the Equipment and unable to verify that all of the Equipment is actually in the Debtors' possession and control. While DLL has obtained proof of insurance from the Debtors, that insurance expires on June 10, 2021. At the 341(a) meeting of creditors held on April 14, 2021, the Debtors testified that the cash collateral budgets approved by the court did not contain any adequate protection payments for the debtors' "owned" equipment (as opposed to equipment leased by the Debtors). Such "owned" equipment includes all of the DLL Equipment. Neither

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<sup>1</sup> Cody Easterday, Debby Easterday, Karen Easterday and Gale Easterday (deceased) are also contracting parties on the Loan Contract and Security Agreements with Farms.

1 Debtor has offered any payments to DLL for the use of the Equipment. Neither  
2 Debtor has offered an additional or replacement lien to DLL for the use of the  
3 Equipment or any other relief or compensation

4 7. As of the Petition Date, there remained (i) a balance due under the  
5 Loan with Ranches of \$230,097.13 with interest continuing to accrue at a per diem  
6 of \$26.41 plus attorney fees and costs incurred by DLL, (ii) a balance due under  
7 the Loans with Farms of \$6,871,900.23 with interest continuing to accrue at a per  
8 diem of \$828.09, plus attorney fees and costs incurred by DLL, and (iii) a balance  
9 due under the Loan with the non-debtor guaranteed by the Debtors of \$648,459.42  
10 with interest continuing to accrue at the per diem of \$88.65, plus attorney fees and  
11 costs incurred by DLL.

12 8. Based upon DLL's inspection of the Equipment in March, it appears  
13 that it was being prepped and worked on in preparation for field work. I am  
14 concerned that the Equipment is being used in the Easterday operations and  
15 possibly being used for planting in third party operations without adequate  
16 protection to DLL. DLL has received no adequate protection payments from the  
17 Debtors for the use of its collateral and has not received any offer of any form of  
18 adequate protection. The Equipment, particularly if it is being used by the Debtors  
19 or some third party, is deteriorating in value as time goes on.

20 I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF  
21 THE STATE OF WASHINGTON THAT THE FOREGOING IS TRUE AND  
22 CORRECT.

23 EXECUTED at Johnston, Iowa, this 23rd day of April, 2021.

24  
25 /s/ Doug Fuqua  
26 DOUG FUQUA

DECLARATION OF DOUG FUQUA IN  
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## CERTIFICATE OF SERVICE

I hereby certify on April 23, 2021, I electronically filed the foregoing DECLARATION OF DOUG FUQUA IN SUPPORT OF DLL FINANCE LLC'S MOTION FOR RELIEF FROM STAY with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the persons listed below:

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7 I hereby certify that the foregoing DECLARATION OF DOUG FUQUA IN  
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9 served on the following via first class mail, postage prepaid:

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DATED this 23rd day of April, 2021.

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